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SIPDIS

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DEPT FOR DRL/IL-LHOST AND AF/RSA-MHARPOLE

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TAGS: [ECON](#) [EFIN](#) [ENRG](#) [ELAB](#) [EAIR](#) [EMIN](#) [ETRD](#) [PGOV](#) [CG](#)

SUBJECT: DRC JUNE MONTHLY ECONOMIC REVIEW

#### 1. (U) Summary

- MONUC rehabilitated an airport in Bunia, Orientale province.
- BHP Billiton contracted with the DRC's electricity parastatal for the purchase of 1200 MW of electricity.
- A strike of ONATRA (DRC's port authority) employees paralyzed the international, maritime port of Matadi.
- Kinshasa's public hospital physicians suspended their strike, but nurses continue to strike.
- Catholic school teachers nationwide threaten an "annee blanche" for the 2006-07 academic year, and private and public school teachers in Western Kasai province also threaten to strike.
- DRC's investment promotion agency, ANAPI, approved 36 investment projects in the first quarter of 2006.
- Perenco, a French petroleum company, built a solar energy power plant in Muanda, Bas Congo.
- The DRC's copper, cobalt and zinc production and export totals are well below annual projections.
- MIBA has reported production and export statistics for only two of six months in 2005.
- According to Post's market basket survey, June consumer prices increased by only 0.1 percent.

#### Aviation

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1.2. (U) MONUC rehabilitated the commercial airport in Bunia, North Kivu. The airport now has a 1.2 mile runway and a mobile control tower. Since 2005, MONUC has supported Congolese airport projects, such as installing satellite navigation equipment, to help the DRC comply with international aviation standards.

#### Energy

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1.3. (U) BHP Billiton signed a MOU with SNEL (DRC's electricity parastatal) to purchase 1200 MW of electricity once SNEL completes work on the Inga 3 hydroelectric plant in Bas-Congo. SNEL currently estimates completion in 2012.

1.4. (U) Perenco, a French petroleum company, has built a small solar energy power plant capable of producing 14 MW per day in Muanda, Bas-Congo. The company will use 13 MW to power its offshore petroleum operations in Muanda, and the remaining 1 MW will provide electricity to the local community.

#### Investments

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1.5. (U) In the first quarter of 2006, the DRC's investment promotion

agency (ANAPI) approved 36 projects, with an approximate combined value of USD 267 million, creating an estimated 3,100 jobs. The ministries of Finance and Planning must next approve the projects.

#### Labor -----

¶16. (U) Employees of ONATRA (DRC's port authority) went on strike for 18 days, due in part to a dispute between the workers' two major unions. The strike paralyzed work at the western Congo's main maritime port, resulting in a shortage of some imported commodities and an estimated USD 100 million of revenue lost to the GDRC, importers and others reliant on the port. The strike ended following a change in ONATRA's management team, pursuant to a presidential decree.

¶17. (U) Employees of the customs and tax collection authorities (OFIDA and DGI) went on strike on June 29 to demand salary increases and bonuses, after negotiations with the Ministry of Finance, which oversees the two agencies, failed. Both suspended their strikes July 4, after the Finance Ministry agreed to negotiate further.

¶18. (U) June 20, Congolese physicians suspended their several-week strike in Kinshasa's public hospitals. During the last week, physicians completely stopped work in all public hospitals, withholding even emergency services. The GDRC agreed to increase the physicians' salaries, although negotiations over the details continue. Meanwhile, nurses in Kinshasa's public hospitals continue their strike to claim payment of a risk premium.

¶19. (U) At its June 24 general assembly, the Catholic school teachers' union (SYNECAT) decided to declare an "annee blanche" (no classes) for the next academic year if the GDRC does not comply with its salary increase demands. The union is also calling for the GDRC to spend 30 percent of the national budget on the education sector, instead of the current one percent.

¶110. (U) In Kananga, Western Kasai, public and private school teachers are threatening to strike until they receive salaries equal to those of their counterparts in Kinshasa and Lubumbashi. Similarly, Ministry of Civil Service employees are threatening to strike to demand payment of the same bonuses received by their counterparts in the Finance and Budget Ministries.

¶111. (U) The Ministry of Civil Service began fingerprinting civil servants as the next step in the census process. Government employees will eventually receive identification cards.

#### Mining -----

¶112. (U) In Kolwezi, Katanga, state mining company Gecamines and Belgian-owned Kinross-Forrest held a ceremony to mark the launch of operations of their joint venture company, Kamoto Copper Company (KCC). Kinross-Forrest signed the deal in July 2005, and it will conduct open pit and underground copper and cobalt mining.

¶113. (U) Gecamines reported May production of 1,270 tons of copper, 40 tons of cobalt and 923 tons of zinc, against respective projections of 2,844, 238 and 500; it reported May exports of 2,526 tons of copper, 57 of cobalt, but did not report zinc production, against projections of 2687 tons of copper, 305 of cobalt. Both production and export figures are well below Gecamines' own projections to date.

¶114. (U) The Ministry of Mines says that the DRC has officially exported about 11.1 million carats of diamonds so far in 2006, with an evaluated value of USD 277 million: comptoirs (rough diamond traders) exported 10.1 million carats, and MIBA, the DRC's diamond mining parastatal, 1.1 million. In 2006, MIBA has only reported March and May statistics.

#### Inflation -----

¶115. (U) Post's market-basket survey recorded June inflation of 0.1 percent.

Exchange Rates  
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116. (U) Week ending 6/09 6/16 6/23 6/30

Central Bank Rates: 450 449 440 447

Parallel Rates

Kinshasa 450 450 450 450

Lubumbashi 430 430 440 450

Mbuji-Mayi 445 450 450 450

Kisangani 440 440 440 440

Goma 440 450 450 450

Bukavu 450 460 460 460

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